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Centralizing municipal FM organisations: Danish experiences

By Susanne Balslev Nielsen

Danish municipalities are like other municipalities throughout Europe considering how best to organize their FM organisation to fulfil political goals. For municipalities with a decentralised structure this might include considerations of establishing a new FM centre. This article presents new insights into the Danish experiences with such centralisation processes.

The 98 Danish municipalities are different in size but face the same challenges with respect to owning, building, operating, maintaining, developing and managing facilities like schools, day care centres, administration buildings, and sports halls.

The purpose of the study and this article is to share the experiences of the centralizing FM organisations and provide timely and relevant input that may assist municipal efforts in strengthening the organization of FM in municipalities. This study sets out to investigate:

- How is FM currently organized in Danish Municipalities?
- What lessons can be learnt from municipalities that have centralised their FM organisation?

The study is a combination of case studies of 6 municipalities and a survey sent to all Danish municipalities. The study is important for a number of reasons. First, because it examines municipalities and their FM organisation, which is an important basis for understanding how municipal FM practices can contribute to value creation through sustainability, the happiness and well-being of citizens, and economic efficiency and effectiveness. Second, there is very limited academic literature on the topic of public FM and maybe also a major need to improve the image of public organisations.

Three models for municipal FM organisations

The development of larger public FM organisations is seen as an important step towards ensuring efficient and effective Facilities Management and better quality in the public sector. Larger economic volumes – and thereby an increase in professionalization – are seen as a possible result of assembling tasks and of specialisation. Table 1 presents 3 dominating models of public FM organisations. Model 1 and 2 are variations of public FM centres (roles as building owner/client+ operator or mainly operator). Model 3 is a decentral organisation with several FM organisations, one for each dedicated policy area.

To the question “How is FM currently organized in Danish Municipalities?” 65 out of the 98 Danish Municipalities responded to the survey. 29% stated that they have an independent unit (Model 1), 45% have an administrative centre (Model 2) and 26% have a decentralised centre (Model 3). Some commented that there are exceptions, e.g., that the decentralised model matched their FM organisation the best, but at the same time they have centralised single building services. This indicates a rich variety in how Danish municipalities have organised their FM, and that there are various combinations of the archetypes

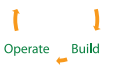

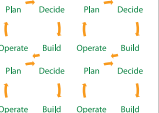
Model 1	An independent FM centre With the full authority and strategic leadership to manage the municipal facilities as they plan, decide, build and operate the public buildings.	
Model 2	An administrative FM centre A FM centre that manages (builds and/or operates) the municipal facilities on behalf of the owners, which are various administrative departments and institutions.	
Model 3	A decentralised FM organisation Where the ownership and the operation are assigned to the various administrative departments such as “Children and Youth”, “Culture” and “Town hall administration.”	

Table 1: 3 models for municipal FM organisations

Order of priority	Success criteria	Very important or important	Neutral	Less important or not important	Do not know, not relevant, no answer
1	Good economy	96 %	0 %	0 %	4 %
2	Improved building operation	92 %	4 %	0 %	4 %
2	Customer focus	92 %	4 %	0 %	4 %
2	Streamlining work processes	92 %	4 %	0 %	4 %
3	More robust organisations	82 %	10 %	0 %	8 %
4	Service to more (day care centres)	80 %	10 %	0 %	10 %
5	No backlog in building maintenance	74 %	16 %	6 %	4 %
6	Coordination of related disciplines	56 %	24 %	8 %	10 %

Table 2: Success criteria for public FM centres in prioritised order

Model 1, 2, and 3.

The investigation of the timespan since the opening of a FM centre (Model 1 or 2) shows, based on 48 replies, that 30% of the centres (at the time of investigation) were newly established, as they had existed for only 1 year or less. A total of 28% had between 2-4 years of experience and 42% of the centres had more than 5 years of experience. The merger of municipalities in 2007, as a result of the Municipal Structure Reform that reduced the number of municipalities from 273 to 98, can explain some of the centres that have 7-8 years of experience. In the survey we asked those with decentralised centres if they planned a reorganisation within the next year. The survey showed that 41% of the municipalities with a decentralised FM organisation are in the process of planning a reorganisation, and 59% are not planning a reorganisation.

Success criteria for the new FM centres

A total of 47 centres (only Model 1 and Model 2) replied to the questions about success criteria and the results are displayed in Table 2. The centres generally share the same success criteria, citing the economy as the most dominant. Only 56% of the respondents replied that “coordination of related disciplines” is very important or important, which might indicate that the focus on FM as a mature multidisciplinary profession is overlooked in the Danish context.

Some respondents used the opportunity to comment and add missing success criteria. These additional success criteria are:

- Improved standard per m2 on the same budget
- Most value for money in the areas prioritized in the municipal strategy
- Properties should provide the best possible facilities
- Transparency of expenditures
- Holistic thinking over sub-optimization
- Low consumption and green energy

Overall, this overview of success criteria illustrates the complexity of the targets that the FM organisations have to achieve. This leads to the next section, which reports the respondents’ self-

evaluations about the effect of forming a FM centre.

Results of establishing an FM centre
A total of 47 respondents (19 independent units (Model 1) and 29 administrative centres (Model 2), with at least one year or more of experience, answered questions about what they have achieved by establishing a FM centre. Table 3 show the answers. As high as 90% answered, that the centre has led to a better overview of properties and FM tasks, and more than 60% answered, that it has also helped on all other success criteria. Realisation of cost reduction, however, had the lowest (62%) score. A few comments emphasized that when they answered, that the centre had not lead to cost reductions, this should be understood as saying that the centre had not led to additional cost savings. The FM budget was, in at least one case, reduced before the centre opened because of expected cost reductions. This indicates that municipalities might have had greater success in reducing costs than one can immediately see from table 3.

It should be noticed that the percentage of answers “don’t know or not relevant” is higher than in the previous set of questions (table 2). The answers imply that this is due to uncertainties, as the establishment of the centre is still in process and it takes time to for the effects to show. In addition, the municipalities are also facing the general lack of explicit knowledge about the new centres’ performance.

Challenges experienced in the process of establishing a centre

The case studies identified a number of challenges in the process of establishing a FM centre (Model 1+2), see Table 4.

At the top are the managerial challenges that most experience: “Establishing a centre takes time and is resource demanding” and “Headmasters, who previously had their own maintenance budgets, experience a loss of influence”. The least-reported challenge is reluctance due to reduced salaries and changed working conditions among the technical service personnel. This is a minor issue either because there have been no changes or because the personnel have accepted the changes out of fear of losing their jobs, a

continues on page 8



Smart Facility Management

By Karol Hederling,
Vice president SAFM

Have you noticed how many smart things do we have? Smart phone, smart watch, smart TV. What does it mean? A kind of intelligence hidden inside? Sure not artificial one. But all of them have several functions to help us in our everyday life. Smart buildings are same in this regard. Some years ago (before „smart age“) they were called intelligent. Wikipedia sais, that an ideal "intelligent" machine is a flexible rational agent that perceives its environment and takes actions that maximize its chance of success at some goal. The building seems to act like that. There are several sensors monitoring surrounding environment, we have BMS – special software evaluating and taking actions based on data from sensors. Or just sending us alert – this is out of given range, take some action. One of the greatest architects in 20th century Le Corbusier said, that a house is a machine for living in. Clever guy, we need nearly a century to come to the same conclusion. Not about the machine, but about living in. We find out, that not the building is important, but people inside. Not the moment of grandiose opening, but everyday life with serving and helping us in our activities, whatever they are. Support is the word we are used to, this is what facility management is about.

Centralizing municipal FM organisations: Danish experiences

continued from page 7

few they reported in the interviews in the qualitative part of the investigation.

The study shows variations in the support of political or managerial support. In half of the municipalities this was only a minor issue, which could indicate that the initiative of forming a centre sometimes come from the political level and not from the administrative level; and that the politicians are loyal to this decision.

Practical Implications

The study provides guidance for reflection on how to lead a reorganization process and a pre-understanding of what issues might

arise in such a process. This will hopefully lead to less frustration among employees and the experience of a clear and relatively smooth process, as the strategic leaders of the process will have a more nuanced pre-understanding of advantages and possible pitfalls.

On the basis of the municipalities' experiences and recommendations, the following seven steps are outlined to ease the establishment of an FM centre:

1. Start with what you can agree on.
2. Make a strategy for employee information and involvement.
3. In the initial phase, make a plan for the future operation of the schools.
4. Bring in external expertise if you lack time or skills.
5. Ensure an easy contact point for the users.

Order of priority	Results	Yes to a high degree or to some degree	No, only to a minor degree or not at all	Do not know/not relevant
1	Better overview of properties and FM tasks	90 %	2 %	4 %
2	Better use of the maintenance budget	88 %	0 %	13 %
3	Centralised service of day care institutions	75 %	6 %	9 %
4	Focus on education and competence development	72 %	11 %	17 %
5	More equal services and maintenance within the municipality	70 %	11 %	19 %
6	Team structure implemented in the FM organisation	68 %	14 %	17 %
7	Cost reduction	62 %	21 %	17 %

Table 3: The results of centralizing the FM organisation.

We have people, living or working. We have building, the space. We have tools to serve, equipment, facilities, IT. And we have facility managers to control all that and make users' life easier. Heating, cooling, fresh air, water, light, cleaning, waste disposal, landscaping, moving, meeting, eating, relaxing, phoning, teleconferencing, connection, copying, printing, managing document flow, hosting, greeting, supplying, procuring, controlling, innovating ... You can add your own descriptions of our profession. But if you will ask somebody on the street, what is facility manager doing, most of the answers will sound like „handyman or something with house administration?“.

In Slovakia there is interesting situation. We have several shared service centres with thousands of workers. They are growing, new ones are coming. That is great, isn't it. But we are facing now new situation. There is not enough human resources, I prefer expression people. HR managers are trying to attract the job offers by innovative and creative environment in their the companies. It's never more only about the salary and benefits. It's about working environment, high quality workplace solution, nice atmosphere, good services and support. And we are back to the smart building. The one which recognise you entering garage, leading you to your parking place, (or a place for your bike or scooter),

choosing your desk for today, of course synchronising your schedule with your smartphone and preparing your todays meetings, not forgetting flipchart, beamer and appropriate catering. Having enough possibilities to phone quietly, to find a place for creative work alone, or opposite to create ad hoc team to work together. To have nice cafeteria, to be outside on fresh air, or inside in a quiet relax room. This is what young stuff is attracted by, what HR would like to have. For the moment what they promise.

And here are facility managers responsible for all that. Thousands of things every day are feasible with smart building and right and innovative IT support. This is what I call smart facility management, adding real value to your business. Because your business are your employees and their satisfaction is directly linked to your results. The great thing is, that this situation caused recognition of facility management by HR managers. It is no more only handyman for them, it is clever, smart guy helping them with best workplace solutions. I have heard, that nice, positive and creative atmosphere leads to the 8% increase of productivity. This is real added value, isn't it?

If there is dispute coming out now, that is great. We need to discuss where our business is going; we need to attract CxO's to thing about us not as the costs, but the added value.

6. Determine a service level for all properties.
7. Formation of an FM centre is an ongoing development and probably never ends.

Concluding remarks

The experiences presented in this paper are particularly relevant for municipalities that are in the process of reconsidering their future organizational structures. The study is focused on Danish municipalities, but concerns about how to empower FM organisations in smaller municipalities are similar in Norway and other Nordic countries. The Nordic culture of embracing employee perspectives

on the tactical and operational levels makes this study more relevant for public FM leaders who wish to take this approach and less relevant for those conducting their leadership in a more hierarchical power structure, where the dialogue with employees is different.

This article is an edited version of the conference paper "Centralizing Public FM organizations: Danish experiences with success criteria, results and realisation processes" presented at the CFM Second Nordic Conference 29-30 August 2016, at the Technical University of Denmark.

Order of priority	Managerial challenges	Yes to a high degree or some degree	No, only to a minor degree or not at all	Do not know or not relevant
1	Establishing a centre takes time and is resource demanding	81 %	6 %	13 %
2	Headmasters experience a loss of influence	66 %	15 %	19 %
3	Headmasters experience a reduced service level	53 %	19 %	28 %
3	Some employees feel pressure from unsatisfied users	53 %	34 %	13 %
4	Lack of communication, participation and dialogue	49 %	38 %	13 %
5	Mistrust and satisfaction among users	47 %	40 %	13 %
6	Headmasters experience that collaboration with technical service becomes more complicated	43 %	32 %	25 %
7	Lack of political or managerial support	40 %	51 %	9 %
8	Reduced salaries and changed working conditions causes reluctance among the technical service personnel	28 %	38 %	34 %

Table 4: Managerial challenges in the process of establishing an FM centre